EXHIBIT TE 26

EXHIBIT 26

From: Guy Koren <g@gkcapitalllc.com>
Sent: Friday, February 16, 2024 8:07 PM
To: vlgregorio@shakeys.biz
Cc: yltan@shakeysinternational.com
Subject: [EXT] PCJV audited financial statements for 2020/2021/2022
Attachments: PCJV - Audited Financial Statements 202020212022.pdf

Hi Vic,
I hope this email finds you well! I apologize for the delay in sending you this, I wanted to include some financials of stores and was waiting on the CPA to finalize 2023 but they need a bit more time so I'll just send them to you later whenever they are ready since PCJV's financials are more important for you to review and those I have ready for you. Attached you will find PCJV USA audited financials for the years 2020, 2021, and 2022. We are about to begin the 2023 audit in a week or so and will gladly share it with you whenever it is completed. Please don't hesitate to let me know if you have any question regarding the audited financial statements and whenever you're done with your review we can schedule a zoom meeting to discuss the terms of a new license agreement and hopefully we can get on the same page and agree on the terms of a new license agreement that's mutually acceptable that will serve as the foundation of a new healthy partnership that can and will grow and strengthen for years to come!

Looking forward to hearing from you once you have completed your review.

Regards,

Guy Koren
Potato Corner USA
President/ Managing Partner
(310) 593-1581

PCJV USA, LLC DBA
POTATO CORNER

Financial Statements and
Independent Auditors' Report

December 31, 2022, 2021 and 2020

withum
ADVISORY TAX AUDIT

PCJV USA, LLC DBA POTATO CORNER
Financial Statements
December 31, 2022, 2021 and 2020

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withum
ADVISORY TAX AUDIT

INDEPENDENT AUDITORS' REPORT

To the Members of
PCJV USA, LLC:

Opinion

We have audited the accompanying financial statements of PCJV USA, LLC DBA Potato Corner (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the related statements of operations and members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PCJV USA, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

2020 Financial Statements

The financial statements of PCJV USA, LLC as of and for the year ended December 31, 2020 was audited by Martini Akpovi Partners, LLC, who joined with WithumSmith+Brown, PC on February 1, 2022 and expressed an unmodified opinion on those statements dated April 20, 2021.

Emphasis of a Matter

As described in Note 1, the Company adopted Accounting Standards Codification Topic 842 as of January 1, 2022. The Company's 2021 and 2020 financial statements were not adjusted upon adoption and still follows Topic 840 as the Company utilized the practical expedient available under the guidance. Our conclusion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

WithumSmith+Brown, PC

May 18, 2023

PCJV USA, LLC DBA POTATO CORNER
Balance Sheets
December 31, 2022, 2021, and 2020

	2022	2021	2020
Assets			
Current Assets			
Cash and cash equivalents	$ 176,326	$ 85,687	$ 198,753
Restricted cash	580,790	519,816	436,634
Accounts receivable, net	206,742	232,694	206,621
Inventory of food and beverages	19,137	14,192	9,471
Due from related parties	75,250	107,487	39,987
Note receivable	40,960	40,959	-
Prepaid expenses and other current assets	11,825	41,800	33,498
Total Current Assets	1,111,030	1,042,635	924,964
Equipment and leasehold improvements, net	77,749	113,174	147,942
Note receivable, net of current portion	37,546	64,853	-
Other assets	26,360	26,360	27,231
Right of use asset, operating	158,647	-	-
Total Assets	$ 1,411,332	$ 1,247,022	$ 1,100,137
Liabilities and Members' Equity			
Current Liabilities			
Accounts payable and accrued expenses	$ 69,763	$ 226,775	$ 217,625
Accounts payable - marketing	618,137	533,638	478,140
Due to member	9,000	9,000	9,000
Deferred revenue	79,601	83,082	78,076
Loan from member	20,000	20,000	20,000
Current portion of operating lease liability	161,038	-	-
Total Current Liabilities	957,539	872,495	802,841
Paycheck Protection Program loan	-	-	102,738
Deferred revenue, net of current portion	489,044	526,128	437,142
Operating lease liability, net of current portion	6,878	-	-
Total Liabilities	1,453,461	1,398,623	1,342,721
Commitments and Contingencies			
Members' Equity (Deficit)	(42,129)	(151,601)	(242,584)
Total Liabilities and Members' Equity	$ 1,411,332	$ 1,247,022	$ 1,100,137

The Accompanying Notes are an Integral Part of These Financial Statements

PCJV USA, LLC DBA POTATO CORNER
Statements of Operations and Members' Equity
For the Years Ended December 31, 2022, 2021 and 2020

	2022	2021	2020
Revenues			
Sale of food and beverages	$ 500,094	$ 457,039	$ 180,780
Franchise fees	68,941	103,311	64,615
Area development fees	31,624	15,500	14,875
Royalty fees	687,247	647,582	332,460
Rebates	326,396	284,575	154,355
Marketing fund revenue	138,108	152,625	64,951
Total Revenues	1,752,410	1,660,632	812,036
Cost of Sales - Food and Beverages	521,147	468,641	138,422
Selling, General and Administrative Expenses	1,118,491	1,271,315	1,174,178
Income (Loss) from Operations	112,772	(79,324)	(500,564)
Other Income			
Gain from sale of franchised store	-	60,358	-
Other income (Note 7)	-	130,538	10,000
Total Other Income	-	190,896	10,000
Income (Loss) Before Limited Liability Company Fees	112,772	111,572	(490,564)
Limited Liability Company Fees	3,300	3,300	3,300
Net Income (Loss)	109,472	108,272	(493,864)
Members' Equity (Deficit), Beginning of Year	(151,601)	(242,584)	251,280
Distribution to Members	-	(17,289)	-
Members' Equity (Deficit), End of Year	$ (42,129)	$ (151,601)	$ (242,584)

The Accompanying Notes are an Integral Part of These Financial Statements

PCJV USA, LLC DBA POTATO CORNER
Statements of Cash Flows
For the Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Cash Flows from Operating Activities			
Net income (loss)	$ 109,472	$ 108,272	$ (493,864)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Allowance for doubtful accounts	-	1,286	1,416
Depreciation and amortization	42,914	46,968	44,661
Amortization of right-of-use asset - operating	158,178	-	-
Gain from forgiveness of PPP Loan	-	(102,738)	-
Changes in assets and liabilities:			
Accounts receivable	25,952	(27,359)	36,320
Inventory of food and beverages	(4,945)	(4,721)	947
Prepaid expenses and other current assets	29,975	(8,302)	(5,431)
Other assets	-	871	(15,000)
Accounts payable and accrued expenses	(157,012)	9,150	153,001
Accounts payable - marketing	84,499	55,498	30,359
Due from related parties	32,237	(67,500)	(36,033)
Due to member	-	-	9,000
Deferred revenue	(40,565)	93,992	(63,998)
Operating lease liability	(148,909)	-	-
Net Cash Provided (Used) by Operating Activities	131,796	105,417	(338,622)
Cash From Investing Activities			
Purchase of equipment and leasehold improvements	(7,489)	(12,200)	-
Issuance of note receivable	-	(122,879)	-
Repayments on note receivable	27,306	17,067	-
Net Cash Provided (Used) by Investing Activities	19,817	(118,012)	-
Cash From Financing Activities			
Proceeds from Paycheck Protection Program loan	-	-	102,738
Distribution to members	-	(17,289)	-
Total Cash Provided (Used) by Financing Activities	-	(17,289)	102,738
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	151,613	(29,884)	(235,884)
Cash, Cash Equivalents and Restricted Cash Beginning of Year	605,503	635,387	871,271
Cash, Cash Equivalents and Restricted Cash End of Year	$ 757,116	$ 605,503	$ 635,387
Supplemental Cash Flow Information			
Cash Paid During the Year for:			
Limited Liability Company Fees	$ -	$ -	$ -
Interest	$ -	$ -	$ -

The following table provides a reconciliation of cash, cash equivalents and restricted cash to amounts reported in the balance sheets:

	2022	2021	2020
Cash and cash equivalents	$ 176,326	$ 85,687	$ 198,753
Restricted cash	580,790	519,816	436,634
Cash, cash equivalents and restricted cash	$ 757,116	$ 605,503	$ 635,387

PCJV USA, LLC DBA POTATO CORNER
Notes to Financial Statements
For the Years Ended December 31, 2022, 2021, and 2020

Note 1 – Summary of Significant Accounting Policies

Description of Businesses

PCJV USA, LLC (the "Company" or "PCJV") was organized to engage in the business of franchising the Potato Corner® food business, as well as to establish and operate franchise and company-owned stores within the United States. PCJV is a limited liability company formed under Delaware law on July 16, 2010. PCJV has sold franchise licenses to franchisees in California, Florida, Nevada, New Jersey, New Mexico, New York, Texas, Washington, Minnesota, Arizona, Georgia and Pennsylvania.

The Company grants franchisees the rights to operate a Potato Corner® store and to use the Company's business formats, methods, procedures, signs, designs, layouts, standards, specifications, trademarks, service marks and commercial symbols in its operations, under franchise agreements for a 10 year term. Upon signing a franchise agreement, the Company generally receives a franchise fee of $10,000 - $30,000 for a single location. Franchise fees are subject to discounts at the Company's discretion.

The Company may also enter into an area development agreement which grants a franchisee an exclusive territory in which to operate Potato Corner® stores.

The Company owns and operates a single Potato Corner store located in Downey, California ("Potato Corner Stonewood").

The Company is managed pursuant to written documents vesting day-to-day management to Potato Corner LA Group, LLC ("LA Group"). The Company's written governing document required an initial contribution of $50,000 from the members and that any subsequent increase of capital shall only be made upon affirmative vote of 75% of the board managers. The liability of the members of the Company is limited to the members' total capital contributions. The Company will only terminate upon an affirmative agreement by the members.

Transfer of Potato Corner Roseville to PCJV and Subsequent Sale

In April 2021, the Company terminated a franchise agreement with another franchisee who was operating one of the Potato Corner stores located in Roseville, California ("Potato Corner Roseville") due to the franchisee's failure to cure defaults which included ongoing violations of the Company's system standards. At the time of the transfer, Potato Corner Roseville owned certain fully depreciated equipment and no inventories. Also at the time of the transfer, the Company assumed $49,482 of unpaid rents incurred by Potato Corner Roseville.

In September 2021, the Company sold the operations of Potato Corner Roseville to an unrelated third-party in accordance with an asset purchase agreement for $122,879 payable over 36 monthly installment payments with 0% interest. Potato Corner Roseville did not have any assets at the time of sale. As a result of this transaction, the Company recognized a gain of $60,358, net of assumed rent liability of $49,482 and selling cost of $13,039 in its 2021 statement of operations. As of December 31, 2022, and 2021, note receivable resulting from the asset purchase agreement was $78,506 and $105,812, respectively.

Note 1 – Summary of Significant Accounting Policies (continued)

Transfer of Potato Corner Roseville to PCJV and Subsequent Sale (continued)

The note receivable matures as follows for the years ending December 31:

2023	$ 40,960
2024	37,546
	$ 78,506

Basis of Presentation

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates and assumptions made by management are used for, but not limited to, the allowance for doubtful accounts and the estimated useful lives and impairment of long-lived assets. Actual results could differ from those estimates.

Revenue Recognition

The Company follows the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *"Revenue from Contracts with Customers*" in recognizing its revenues. Under this guidance, revenue is recognized as goods or services are delivered to customers in an amount that reflects the consideration the Company expects to be entitled in exchange for those goods or services.

Sale of Food and Beverages
Sales by Potato Corner Stonewood are recognized when payment is tendered at the point of sale. Sales are presented net of sales tax and other sales related taxes.

Franchise Fees
The Company recognizes initial franchise fees as a distinct series of performance obligations which the Company accomplishes over the term of the contract, which is typically 10 years. Accordingly, payments received from the sale of franchises are deferred and recognized as revenues over 10 years starting from the contract execution or store opening date using the straight-line method.

PCJV USA, LLC DBA POTATO CORNER
Notes to Financial Statements
For the Years Ended December 31, 2022, 2021, and 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Area Development Fees
Area development fees are deferred until a new store is opened pursuant to the area development agreement. At which time, revenue is recognized on a straight-line basis over the term of the franchise agreement. Cash payments for area development agreements are typically due when an area development agreement has been executed.

Franchise fees and area development fees allocated to remaining performance obligations for the year ending December 31 are as follows:

2023	$ 79,601
2024	68,210
2025	69,338
2026	67,977
2027	62,852
Thereafter	220,667
	$ 568,645

Royalty Fees
In addition to the initial franchise fee, each of the franchise locations is required to remit to the Company a monthly royalty fee of up to 6% of the store's gross sales (as defined in the franchise agreement). If the store fails to report its current month's gross sales, the royalty due will be 120% of the last monthly royalty paid to the Company. Royalty fees are recognized as revenue on a monthly basis when earned.

Rebates
The Company receives rebates from various suppliers of franchised stores, typically on a quarterly or monthly basis, which are based on the volume of goods shipped to the franchisees. Rebates received are recognized as income in the appropriate period when the transaction that results in such rebates has been fulfilled and the rebate amount has been determined. Rebates that have not been received are accrued when the amounts are reasonably estimable and collection is reasonably assured.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with maturities of 3 months or less at the time of purchase to be cash equivalents. The Company also maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. Any loss incurred or lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations and cash flows.

Restricted Cash

Restricted cash consists of contributions received from franchisees for the sole purpose of advertising and development and are not available for general operating purposes (see Note 4).

PCJV USA, LLC DBA POTATO CORNER
Notes to Financial Statements
For the Years Ended December 31, 2022, 2021, and 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts and consist primarily of royalties, marketing funds and franchise fees due from franchisees. The allowance for doubtful accounts is determined by evaluating individual account balances, considering a franchisee's financial condition and credit history and current economic conditions. At December 31, 2022, 2021, and 2020 management recorded an allowance for doubtful accounts of $2,702, $2,702, and $1,416 respectively. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. Management determines the past due status of accounts receivable based on contractual terms with each franchisee. Interest is not charged on past due accounts. Accounts receivable at January 1, 2020 was $244,357.

Inventory

Inventory, consisting of food and beverages, is value at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method.

Equipment and leasehold improvements

Equipment and leasehold improvements are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 7 years. Leasehold improvements are amortized over the shorter of their estimated useful lives or respective lease term. Upon the disposition of an asset, its accumulated depreciation is deducted from the original cost, and any gain or loss is reflected in current earnings. Repairs and maintenance that do not enhance the use or extend the life of equipment and leasehold improvements are expensed as incurred.

Impairment

The Company reviews its long-lived assets whenever events or circumstances indicate that the carrying amounts of such assets may not be recoverable. Impairment is evaluated by comparing the carrying value of the assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Company would recognize an impairment loss at that date for the amount by which the carrying amount of the asset exceeds its fair value. Management has determined that no impairment existed as of December 31, 2022, 2021 and 2020.

Advertising

Advertising costs are charged to operations as incurred. There was no significant advertising expense incurred for the years ended December 31, 2022, 2021 and 2020, other than amounts related to marketing funds collected from franchisees (see Note 4).

PCJV USA, LLC DBA POTATO CORNER
Notes to Financial Statements
For the Years Ended December 31, 2022, 2021, and 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes

The Company is a limited liability company and, as such, is taxed as a partnership. Accordingly, each member separately accounts for their pro-rata share of the Company's items of income, deductions, losses and credits on their respective individual income tax returns. As a result of this election, income taxes representing the fees for doing business in California as a limited liability corporation as well as filing fees to the State of Delaware have been recognized in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2022, 2021 and 2020, there were no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by taxing and other jurisdictions. However, there are currently no audits in progress for any prior tax periods.

Leases

The Company categorizes leases with contractual terms longer than 12 months as either operating or financing. Finance leases are generally those that allow the Company to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the balance sheet. The Company has no finance leases during 2022.

Certain lease contracts include obligations to pay for other services, such as operations, property taxes, and maintenance. The services are accounted for separately and the Company allocates payments to the leases and other service components based on estimated stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments, reduced by landlord incentives, using a discount rate based on the risk-free rate. Right-of-use ("ROU") assets are recognized based on the initial present value of the fixed lease payments, reduced by landlord incentives, plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

PCJV USA, LLC DBA POTATO CORNER
Notes to Financial Statements
For the Years Ended December 31, 2022, 2021, and 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncement

In February 2016, the FASB issued an Accounting Standards Update ("ASU") amending the accounting for leases. The Company adopted the new standard effective January 1, 2022, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption, as the Company utilized the practical expedient available under the guidance. Further, the Company elected to implement the package of practical expedients, whereby the Company did not reassess existing contracts for embedded leases, financing or operating classification, or consideration of initial direct costs. The implementation of this standard did not have a material impact to the statement of operations or cash flows.

Upon adoption, the Company recognized $158,647 in ROU assets, net of deferred rent liability of approximately $10,000 which was reclassified from current liabilities, related to its operating leases. Corresponding lease liability of $167,916 were also recognized. There was no cumulative effect of applying the new standard, and accordingly, there was no adjusted to retained earnings upon adoption.

Fair Value of Financial Instruments

Unless otherwise specified, management believes the carrying value of financial instruments approximates their fair value.

Subsequent Events

The Company has considered subsequent events through May 18, 2023, the date the financial statements were available to be issued, in preparing the financial statements.

Note 2 – Equipment and Leasehold Improvements

Equipment and leasehold improvements consisted of the following:

	2022	**2021**	**2020**
Computer equipment	$ 47,252	$ 38,082	$ 23,037
Furniture and fixtures	34,114	34,114	36,958
Leasehold improvements	180,000	180,000	180,000
	261,366	252,196	239,995
Less: accumulated depreciation	(183,617)	(139,022)	(92,053)
Equipment, net	$ 77,749	$ 113,174	$ 147,942

Depreciation expense was $42,914, $46,968 and $44,661 for the years ended December 31, 2022, 2021 and 2020, respectively.

PCJV USA, LLC DBA POTATO CORNER
Notes to Financial Statements
For the Years Ended December 31, 2022, 2021, and 2020

Note 3 – Franchised Locations

The following table summarizes the changes in the number of franchised Potato Corner® locations since January 1, 2020:

Open at January 1, 2020	27
Opened during the year	2
Transferred as a corporate store during the year	(2)
Terminated or closed during the year	-
Transferred from corporate to 3rd party	-
Open at December 31, 2020	27
Opened during the year	-
Transferred as a corporate store during the year	(1)
Open at December 31, 2021	26
Opened during the year	2
Terminated or closed during the year	(2)
Open at December 31, 2022	26

Note 4 – Accounts Payable – Marketing

Each franchisee is required to contribute an amount equal to 1% of the store's monthly gross sales to an advertising and development fund (the "Fund"). The required contribution can increase up to 2% of the Store's monthly gross sales. The Fund is to be used for advertising, marketing and public relations programs and materials the Company deems appropriate. The Company is required to account for the Fund separately from other cash on hand and cannot use the Fund for general operating purposes. Under ASC Topic 606, the Company has determined that it acts as the principal under this arrangement as it is primarily responsible for the fulfillment and control of the marketing services. Accordingly, the Company records marketing fees in revenues and the related marketing fund expenditures in expense in the statements of operations. At December 31, 2022, 2021 and 2020, the balance in accounts payable for the marketing fund, which represented unexpended marketing fund contributions, was $618,137, $533,638 and $478,140, respectively. Also as of December 31, 2022, 2021 and 2020, marketing fund due from franchisees and other sources was $37,347, $13,822, and $41,506, respectively.

Note 5 – Commitments and Contingencies

Leases

The Company has a noncancellable lease agreement with a third-party for its headquarters located in Culver City expiring in January 2024. Rent expense charged to operations under this operating lease for the years ended December 31, 2022, 2021 and 2020 was approximately $160,000, $118,000 and $107,000, respectively.

PCJV USA, LLC DBA POTATO CORNER
Notes to Financial Statements
For the Years Ended December 31, 2022, 2021, and 2020

Note 5 – Commitments and Contingencies (continued)

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities for the years ending December 31:

2023	$ 164,690
2024	6,878
	171,568
Less: Imputed interest	(3,652)
Lease liability at December 31, 2022	$ 167,916

The following is an analysis of the Company's outstanding lease at December 31, 2022:

Cash paid for amounts included in the measurement of operating lease liability:	$ 159,540
Weighted -average remaining life:	13 months
Weighted-average discount rate:	4.50%

The Company has month-to-month lease agreement with another third-party for its Potato Corner Stonewood store located in Downey. Total short-term lease charged to operations, for the years ended December 31, 2022, 2021, and 2020 was approximately $72,000, $59,000 and $27,000, respectively.

Litigation

From time to time, the Company may become a party to certain legal matters arising in the normal course of business. While the Company believes the impact of the matters will not have an adverse effect to its financial position, results of operations or cash flows, any such outcome is not guaranteed.

Note 6 – Related Party Transactions

The Company had the following related party transactions:

- The Company has an outstanding $20,000 loan due to one of its members at December 31, 2022, 2021 and 2020. The loan does not bear interest and is not secured by any collateral. The loan is due on demand. However, the member has no intention of demanding payment of this loan in 2023.
- As of December 31, 2022, 2021 and 2020, the Company is due $75,250, $107,487, and $39,987, respectively, from related parties for various short-term cash advances and reimbursement of expenses paid on their behalf.
- Certain members of the Company who own approximately 40% of the Company's member interests also own and operate sight franchise locations as of December 31, 2022. These stores provide services to the Company by establishing proof of concept of its operations, promoting the franchise brand and engaging in marketing activities which help attract customers for future franchisees. These stores also provide training for new and existing franchisees and testing new menu items. The Company believes that the ongoing value of these services approximates the initial franchise fee and royalty fees and accordingly, management has waived such fees from stores owned by the 40% member since inception. Additionally, the Company's management has determined these franchisee entities are not variable interest entities required to be consolidated in the Company's financial statements.

PCJV USA, LLC DBA POTATO CORNER
Notes to Financial Statements
For the Years Ended December 31, 2022, 2021, and 2020

Note 6 – Related Party Transactions (continued)

- The Company has a contractual obligation to remit 30% of all initial franchise fees and continuing royalty fees collected to certain members who own approximately 40% of the Company and provide management services on behalf of the Company. Additionally, the Company has a contractual obligation to remit 30%, as licensing fees, of all initial franchise fees and continuing royalty fees collected to certain members who own approximately 60% of the Company. Both obligations have been permanently waived by the respective parties through December 31, 2022.

- The Company is required to pay an annual service fee to certain members who own approximately 40% of the Company. Under the terms of the related agreement, annual service fees for the years ended December 31, 2022, 2021 and 2020 was $240,000, $285,000 and $240,000, respectively. During the years ended December 31, 2022, 2021 and 2020, the Company has paid $240,000, $285,000 and $231,000, respectively to these members for the services performed. As of December 31, 2022, 2021 and 2020, unpaid service fee due to members was $9,000.

Note 7 – Government Assistance Programs

During the year-ended December 31, 2021, the Company filed for the Employee Retention Credit ("ERC"), which is a refundable tax credit akin to a government grant for eligible entities. As US GAAP does not contain guidance on the accounting for government grants to for-profit entities, the Company is following the guidance in ASC 958-605, Not for Profit Entities - Revenue Recognition, by analogy. Thus, the ERC is recognized over time as qualifying expenses that give rise to the credit are incurred. The full amount of the ERC of $25,254 was recognized in other income in the accompanying 2021 statement of operations. The ERC credit was received in June 2022.

In April 2020, the Company entered into a Paycheck Protection Program Loan agreement (“PPP Loan”) under the CARES Act. Under the PPP Loan, the Company received $102,738 which was fully forgiven by Small Business Administration (“SBA”) in October 2021. Accordingly, a gain from forgiveness of PPP Loan has been included as other income in the 2021 statement of operations.

In April 2020, the Company applied for and was granted a $10,000 Economic Injury Disaster Loan (EIDL) Advance. EIDL Advances provide additional funds to businesses who can demonstrate more than 30% reduction in revenue during an eight-week period beginning on March 2, 2020 or later. The Company did not need to repay the EIDL Loan Advance and accordingly, the amount was reported as other income in the Company’s 2020 statement of operations.